

**Bulletin Number: CHIRO-08-2007**

**Reporting Mortgage Activity in Call Reports**

In early 2007, the FDIC conducted a survey of selected banks to determine the extent of nontraditional mortgage lending in FDIC-supervised institutions. We selected banks for the survey using data from the Reports of Condition and Income (Call Reports), schedule RC-C: *Balance Sheet*, schedule RC-P: *Closed-End 1-4 Family Residential Mortgage Banking Activities in Domestic Offices*, and schedule RC-S: *Servicing, Securitization, and Asset Sale Activities*. We learned that many institutions incorrectly reported data in schedules RC-P and RC-S. For example, nearly 50 percent of the banks surveyed in one territory in the Chicago Region inaccurately completed schedule RC-S. We are issuing this bulletin to clarify the proper reporting of some of these items as follows.

Schedule RC-P: *Closed-End 1-4 Family Residential Mortgage Banking Activities in Domestic Offices* was first included as a Call Report schedule as of March 31, 2007. Some banks submitted schedule RC-P although they were not required to do so. Schedule RC-P is to be completed only by:

- (1) all banks with \$1 billion or more in total assets, and
- (2) banks with less than \$1 billion in total assets whose quarterly residential mortgage loan originations and purchases for resale,<sup>1</sup> quarterly loan sales, or quarter-end loans held for sale exceed \$10 million for two consecutive quarters.

Category 2 banks whose activity fluctuates above and below the \$10 million threshold should consult the Call Report instructions for more clarification. Report only activity related to closed-end, 1-4 family, first lien or junior lien mortgages in schedule RC-P.

Schedule RC-S, Item 1: *Outstanding principal balance of assets sold and securitized by the reporting bank with servicing retained or with recourse or other seller-provided credit enhancements* is for banks to report asset sale and securitization activity. Most community banks are involved in asset sale activity, but not securitization activity. Banks should not report the sale of loans to FNMA or FHLMC (or to any other private mortgage broker) here.

Banks that sell assets without recourse or other credit enhancements do not need to report that activity in schedule RC-S. Banks that are involved in asset sale activity with recourse or other credit enhancements should report that activity in schedule RC-S, item 11: *Assets sold with recourse or other seller-provided credit enhancements by the reporting bank*. Banks that report an amount in RC-S, item 11 must also complete RC-S, item 12: *Maximum amount of credit exposure arising from recourse or other seller-provided credit enhancements provided to assets reported in item 11*. For example, banks that participate in the FHLB Mortgage Partnership

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<sup>1</sup> Exclude originations and purchases of residential mortgage loans that are held for investment.

Finance program should report the asset sold in item 11 and the credit enhancement obligation in item 12.

If, as a result of this information, your bank needs to revise a previously submitted Call Report, please make the appropriate changes to the data and submit the revised data file to the central data repository. We encourage you to read the Call Report instructions, particularly the supplemental instructions issued with each quarter's Call Report forms. You can send questions about the Call Reports to the FDIC's Call Report Unit in Washington through the link at <http://www.fdic.gov/about/contact/ask/contactinformation.html#CallReports>. You can also contact the Regional Accountant in your FDIC Regional Office.

If you have any general questions regarding this message, please contact us by e-mail at [scans@fdic.gov](mailto:scans@fdic.gov) or call us at the FDIC's Bankers' Hotline at (312) 382-6926.